

**QUARTERLY UPDATE
TO THE LEGISLATURE
MEDI-CAL MANAGED CARE PROGRAM**

**Period
July through September 2007**

**Department of Health Care Services
Health Care Operations
Medi-Cal Managed Care Division**

**MEDI-CAL MANAGED CARE
QUARTERLY UPDATE TO THE LEGISLATURE**

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I. Purpose of the Update

The Budget Act of 2005, authorized expansion of the Medi-Cal Managed Care Program into 13 new counties: El Dorado, Imperial, Kings, Lake, Madera, Marin, Merced, Mendocino, Placer, San Benito, San Luis Obispo, Sonoma and Ventura.

In addition, the Department of Health Care Services' (DHCS), Medi-Cal Managed Care Division (MMCD) proposed to convert Fresno County from a Two-Plan model to a Geographic Managed Care (GMC) model. Beginning January 1, 2006, DHCS is required to provide quarterly updates to the policy and fiscal committees of the Legislature on the core activities to improve the Medi-Cal Managed Care program and to expand into the 13 new counties.

The updates shall include:

- Progress or key milestones and objectives to implement changes to the existing program;
- Submittal of state plan amendments to the federal Centers for Medicare and Medicaid Services;
- Submittal of any federal waiver documents; and
- Applicable key functions related to the Medi-Cal managed care expansion effort.

II. Key Milestones and Objectives

Collaboration with California HealthCare Foundation (CHCF)

DHCS partnered with the CHCF to develop enhanced performance standards for Medi-Cal managed care plans for services for persons with disabilities and chronic illnesses. DHCS received the CHCF recommendations in a report titled, "Performance Standards for Medi-Cal Managed Care Organizations Serving People with Disabilities and Chronic Conditions" on November 21, 2005. DHCS requested comments and input from its contracting health plans regarding these recommendations.

DHCS completed an initial analysis of the 53 recommendations to determine the applicability of the recommendations to the target population and to assess the feasibility of each recommendation. The draft report, including its recommendations, was released on May 7, 2007. DHCS placed the report on the MMCD website on June 11, 2007, and encouraged public comment.

The public responses have been reviewed and a final document will be written to include the attainable recommendations. MMCD's Medical Policy Section is taking a proactive approach towards the development of a care coordination program and existing staff continues to work on developing care coordination resources within the division. DHCS is working with the Center for Health Care Strategies (CHCS) to obtain technical assistance in reviewing managed care plans' existing care coordination systems and programs. In addition, DHCS staff is in the process of developing plans for a statewide education strategy and a screening tool to be utilized in the identification of SPDs appropriate for care coordination in a health plan. Several plans are already using an enhanced facility site review tool to evaluate access for people with disabilities and while DHCS is considering standardizing the tool, it will seek input from managed care plans prior to adoption.

General Program Activities

DHCS is currently undertaking or has completed the actions listed below to enhance and improve the Medi-Cal Managed Care program.

1. The staff from the MMCD are working with the Department of Developmental Services (DDS), Bay Area regional centers, Agnews Development Center (Agnews), Alameda Alliance for Health (AAH), Santa Clara Family Health Plan (SCFHP) and Health Plan of San Mateo (HPSM) to address transition planning for approximately 220 patients at Agnews who will require specialized health care when they move into community homes over the course of the current fiscal year. Agnews is scheduled to close at the end of June 2008. Medi-Cal managed care is a preferred option for these patients because of their extremely complex and medically fragile health conditions and their need for intense coordination of services among many agencies and providers to support them in the community. Some of the outcomes from this collaborative process include:
 - DHCS has developed a mechanism to pay an interim reimbursement amount to the contracting health plans, which it will reconcile with the plans on a periodic basis to reimburse the plans for actual costs incurred to provide necessary care to these clients.
 - DHCS staff, in conjunction with its Agnews partners, has developed a Memorandum of Understanding between the health plans and the regional centers, a scope of services matrix, and a medical service strategy.
 - DHCS staff has developed language for contract amendments, which is in the process of being executed.

- MMCD staff is coordinating meetings with all stakeholders, including the Department of Mental Health, to clarify behavioral and mental health responsibilities and to ensure access to such services.
 - DHCS's Medi-Cal Eligibility Division is coordinating with the county eligibility offices and the Social Security Administration to assist in the expedited processing of inter-county transfers and Medi-Cal eligibility determinations that must occur upon moving into the community homes and before health plan enrollment.
 - DHCS staff has developed an expedited enrollment process in coordination with Health Care Options. They have also provided training on the Medi-Cal health plan enrollment process for regional center staff that will be assisting patients and/or their families with enrollment into the health plans.
2. DHCS's default algorithm rewards Two-Plan Model and Geographic Managed Care health plans with a higher percentage of default enrollments based on superior performance on specific performance measures. In addition to the five HEDIS performance measures, and two traditional and safety net provider performance measures used in Years One and Two, DHCS will add one more HEDIS measure to the algorithm for Year Three. DHCS is retaining a ten percent cap that limits the amount of defaulted beneficiaries a plan can gain or lose from the prior year. DHCS plans to implement Year Three of the default algorithm on December 1, 2007. All decisions were discussed by the default advisory group in May 2007. The new default percentages and final decisions for Year Three will be shared with stakeholders in October 2007.
 3. DHCS is one of six state Medicaid agencies participating in a two-year grant, the Purchasing Institute Technical Assistance (PITA) for Managed Care for Persons with Disabilities, coordinated by CHCS. The project was designed to help states improve health care delivery to the SSI-eligible populations through focused training and technical assistance. The first effort included the development and testing of a performance measure specific to the SSI population. Ten Prevention Quality Indicators have been tested and found useful to all six state Medicaid programs. The work group is currently discussing HEDIS measures the state Medicaid programs must have to assist them evaluate care to this population. In addition to the performance measurement work, CHCS staff is working with state representatives to write a "Care Management Definition and Framework" that all states agree can be useful in program development. A final work shop to discuss and conclude this work is being planned for 2008.

4. In July 2006, DHCS entered into an interagency agreement with the University of California, Berkeley (UCB), School of Public Health, and Health Research for Action, to develop a Medi-Cal managed care guide to better inform SPDs of the advantages of Medi-Cal managed care and to increase awareness of the Medi-Cal Managed Care program. UCB is developing and focus testing a comprehensive Medi-Cal managed care guide for beneficiaries that explains these options with the goal of increasing voluntary enrollment of SPDs into Medi-Cal managed care. The project will span four fiscal years with work beginning in FY 2006/07 and will form the foundation of a larger statewide effort to reach out to the SPD population to increase their awareness and encourage their enrollment into Medi-Cal managed care health plans. A project brief was widely distributed in January 2007, describing the project.

The project included the formation of an advisory group to provide input for the content and dissemination of the guide. The advisory group is comprised of representatives of target communities; Medi-Cal consumers, providers who serve SPD's, Medi-Cal managed care organizations, policy-making organizations, and advocacy groups for SPDs.

DHCS and UCB convened the third meeting of the advisory group in June 2007, where UCB presented a draft of the revised guide for input prior to dissemination in the pilot counties of Sacramento, Riverside and Alameda. UCB reported on the findings from formative research they conducted and explained how the findings have been integrated into the guide. The formative research included consumer interviews, key informant interviews, focus groups and usability tests. UCB was able to convene a consumer focus group in American Sign Language in addition to those conducted in English, Spanish, Cantonese and Mandarin. UCB conducted 36 usability tests, where consumers were shown pages from the draft guide and asked specific questions. Since the June advisory group meeting UCB has been conducting evaluation focus groups, evaluation consumer interviews and follow-up key informant interviews.

The response to the draft guide has been very positive and one consumer focus group participant made it a point to inform UCB staff that the new information caused her to decide to change from fee-for-service to a managed care plan. DHCS is reviewing the most recently revised draft of the guide and after final changes are made, the guide will be translated into Spanish and Chinese for dissemination in the pilot counties. UCB is developing pre and post phone survey instruments, which are undergoing a rigorous translation process to ensure that they are culturally and linguistically appropriate. The phone survey has been revised to include a baseline survey, an intervention group and a comparison group. Dissemination is scheduled to begin in January 2008, to avoid conflict with holiday mailings.

DHCS has amended the Interagency Agreement to extend the service period through Fiscal Year 2009/10. This will allow for statewide implementation of the guide produced by the pilot effort as well as identification of other strategies to enhance outreach to this population.

5. The Emergency Room (ER) Statewide Collaborative replaces the Adolescent Health Statewide Quality Improvement project. The ER Collaborative began July 2007, and will continue for a minimum of three years. The goal of the collaborative is to reduce the number of Medi-Cal managed care members who use the Emergency Room for avoidable visits and to reduce the overall rate of ER Utilization. MMCD and the health plans have agreed to target a ten percent reduction in avoidable ER visits over the next three years. An avoidable visit is defined as a visit that could have been more appropriately managed and/or referred to a primary care provider in an office or clinic setting. The collaborative will implement various interventions to ensure managed care members receive the right care, at the right time, and at the right location. MMCD and the health plans are conducting member and provider surveys to identify, if possible, the root causes for members seeking non urgent care in the Emergency Room. Following an analysis of the survey results, MMCD and the health plans will identify interventions that can be implemented statewide in an effort to reduce avoidable ER visits. In addition, MMCD is exploring the ability to implement a co-pay pilot when members use the ER for avoidable visits in a geographic location where access to care is clearly not a problem.
6. DHCS pilot tested a project in May 2007 that involved a monthly data match between the DDS and DHCS. The data match identified DDS Regional Center clients who are also enrolled in Medi-Cal managed care plans and produced reports for the managed care plans that identified members who are also DDS Regional Center clients. DHCS initially tested the project in three Bay Area counties, and implemented this project with all Medi-Cal managed care plans in September 2007. The sharing of data will greatly facilitate the coordination of care for developmentally disabled members who are served by both the Regional Center and the managed care plans.
7. DHCS's Health Care Options enrollment broker, Maximus, initiated a project where it redirected staff to make outreach calls to Medi-Cal beneficiaries during slow periods when normal call volume is low. The contract staff call beneficiaries in mandatory aid codes who are about to default into a health plan because the individual has not elected to exercise his or her choice. Maximus staff offer the beneficiary an additional opportunity to take an active role in plan selection by providing information and responding to any questions. Maximus staff fully document the calls and are able to enroll beneficiaries into a health plan

over the telephone. Maximus initiated the project on August 3, 2007 and completed almost 2,000 calls up through September 14, 2007. The calls resulted in 398 contacts, of which 177 made selection choices that resulted in 359 enrollments in Medi-Cal managed care plans. (Note: A single contact can result in several enrollments in the cases of families.) DHCS will evaluate this process and its effect on reducing the default rate and helping the beneficiaries enroll into a plan of their choice.

III. State Plan Amendments

- MMCD is still in the preliminary stages of setting timelines for submission of State Plan Amendments (SPAs) necessary for geographic managed care expansion. MMCD is still waiting on information necessary to complete the SPAs, such as excluded zip-codes etc. No firm dates have been set for submission of the SPAs.
- On September 21, 2007, MMCD submitted a SPA to CMS to provide health care services to beneficiaries transitioning from Agnews State Hospital into Alameda and Santa Clara counties. The CMS 90 day approval clock expires on December 20, 2007.

IV. Federal Waivers

- MMCD is in the process of finalizing a waiver modification request to CMS for the Health Plan of San Mateo (HPSM) 1915(b) waiver in order to serve residents transitioning from Agnews State Hospital into the HPSM. The waiver document has been drafted, and is currently undergoing internal review within DHCS preparatory to its eventual release to CMS for review and approval.
- MMCD is currently drafting a waiver modification request to the existing Santa Barbara Regional Health Authority (SBRHA) county organized health system (COHS) waiver in order to implement the expansion plan into San Luis Obispo County. MMCD intends to submit this modification request to CMS in November 2007.
- MMCD intends to submit a modification request to the existing Health Insuring Organizations (HIOs) waiver in order to expand managed care into Marin County. In addition, a modification to the California Children Services (CCS/Dental) waiver will also be submitted in order to allow CCS eligible children to be enrolled on a mandatory basis in the expanded GMC program that is to commence in Placer County.
- On June 28, 2007, MMCD submitted a waiver renewal request for its CCS/Dental waiver. This waiver allows California to contract with multiple

managed care organizations and prepaid ambulatory health plans (PAHPs) to provide Medi-Cal benefits to qualifying beneficiaries residing in Alameda, Contra Costa, San Francisco, Kern, Tulare, Fresno, San Diego, Sacramento, Stanislaus, Santa Clara, Riverside, San Bernardino, San Joaquin, and Los Angeles counties. This waiver renewal package was approved by CMS on September 19, 2007.

V. Key Activities on Medi-Cal Managed Care Expansion

Information to Health Plans and Expansion Counties

DHCS continues to provide expansion updates to health plans on at least a quarterly basis through meetings with health plan CEOs and Medical Directors. DHCS provides similar updates at the bi-monthly meetings of the Medi-Cal Managed Care Advisory Group.

Interactions with Expansion Counties

Eleven of the thirteen expansion counties and Fresno County (an existing managed care county that will be affected by the current expansion efforts) have endorsed a managed care model believed to best suit the needs of each county. Of the remaining two counties, El Dorado County's proposed model, a delegated risk contract with the county and a single Health Maintenance Organization, is on hold while the county explores other options. Imperial County notified DHCS on May 2, 2007, that their County Board of Supervisors (BOS) is opposed to transitioning to managed care at this time. The table on page 10 provides the status of each expansion county. DHCS has issued a revised timeline for implementation based on these decisions, also reflected in the table on page 10. DHCS has developed prospective capitation rates for Marin, Sonoma, Lake, Mendocino, Placer and San Luis Obispo counties and provided them to the plans.

Recent developments are summarized as follows:

- DHCS holds monthly teleconferences with Fresno, Kings, and Madera County representatives. The three counties continue their work in developing a joint powers agreement (JPA) to form a tri-county regional health system infrastructure and governing authority, and have received funding from a private foundation that will offset administrative and legal costs incurred in establishing the JPA infrastructure.
- Merced and Ventura county officials continue to seek federal legislation to implement new COHS plans. Representative Lois Capps (CA-23) introduced H.R. 665 to amend the Consolidated Omnibus Budget Reconciliation Act of 1985 and permit Merced and Ventura counties to create and operate health insuring organizations (COHS plans) and to increase the percent of all

Medi-Cal beneficiaries that may be enrolled in such systems from 14 percent to 16 percent. The language for this is included in the compromise version of the SCHIP Bill, which was recently vetoed by President Bush. If the federal government does not pass legislation to permit new COHS plans in California, the State will have to work with Merced and Ventura counties on alternative plans.

Expansion County Stakeholder Meetings

DHCS staff continues to meet with and provide technical assistance to counties and stakeholders in discussions related to expansion of managed care. In counties where final decisions and BOS resolutions are received, DHCS continues to be available to facilitate discussions between county officials, stakeholders, and health plans.

**Medi-Cal Managed Care Division (MMCD)
Update of Expansion Implementation Dates
and Managed Care Models**

County	Original Implementation Date	Revised Implementation Date	Managed Care Model
El Dorado	3/01/07	Pending further discussion with MMCD	Pending further discussion with MMCD
Imperial	3/01/07	Pending further discussion with MMCD	Pending further discussion with MMCD
Placer	3/01/07	3/01/08	GMC
Fresno	10/1/07	7/1/09	Conversion to Tri-County Regional Two-Plan (with Kings and Madera)
Kings	10/1/07	7/1/09	Tri-County Regional Two-Plan (with Fresno and Madera)
Madera	10/1/07	7/1/09	Tri-County Regional Two-Plan (with Fresno and Kings)
Merced	10/1/07	Pending COHS authority	New COHS
Lake	4/01/08	12/01/08	COHS Join Partnership Health Plan
Marin	4/01/08	3/01/08	COHS Join Partnership Health Plan
Mendocino	4/01/08	12/01/08	COHS Join Partnership Health Plan
San Benito	4/01/08	Pending further discussion with MMCD	COHS Join Central Coast Alliance for Health
San Luis Obispo	4/01/08	3/01/08	COHS Join Santa Barbara Regional Health Authority
Sonoma	4/01/08	7/01/08	COHS Join Partnership Health Plan
Ventura	4/01/08	Pending COHS authority	New COHS

GMC = Geographic Managed Care
COHS = County Organized Health System